

Although an increase of \$2.76 in monthly premiums for purchase of an additional \$10 per day room and board benefits would put the Association Benefit Plan at about the same current price of the Blues, it is quite likely that Blue Cross also will have to increase its premium to meet the steady increase in hospital cost. Should this prove to be the case, we would still be under them in cost. The offering of 365 days vs. 90 days of basic hospital benefits looks impressive at first, but is of little benefit in the vast majority of confinements. Only a small percent reaches the 90 day limit. The cost of extending basic benefits beyond the 90th day of confinement would be far less than the cost of covering the initial 90 days. It is also worthy of note, in connection with this matter, that Blue Cross protects itself against certain prolonged hospital stays by an exclusion against "custodial care." (See page 12 of Service Benefit Plan brochure.)

The Blue Cross plan has an advantage with respect to hospital charges which is not enjoyed by the Association plan or other health insurance plans. This results from their contracting with so called "member hospitals." The net result of the agreement is that member hospitals bill Blue Cross at a lower rate than they do other providers of health insurance or individual patients.

In the Washington Area, surgical benefits of the two plans are about the same. However, outside of this area surgical benefits are difficult to compare because Blue Cross has numerous schedules applied according to geographic boundaries. Allowances may be higher or lower depending on the area.

With regard to maternity expenses, the Blue Cross enrollee does fare better with regard to hospital expenses, but benefits for doctor's services for maternity are about the same between the two plans.

The Association Plan has certain "first dollar" coverage such as the "\$75 out of hospital lab and x-ray benefit" which is not found in the Blue Cross Plan.

With respect to Administrative expenses, we withheld 2% of the premium payment received from the Civil Service Commission for the purpose of reimbursing the Agency~~ies~~ for the salaries of 12 employees involved in the health insurance plan.